



STATE OF DELAWARE
DEPARTMENT OF FINANCE
DIVISION OF ACCOUNTING

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MEMORANDUM
#06-15

TO: All Department and School Fiscal Officers

FROM: Trisha L. Neely, Director

DATE: March 13, 2006

SUBJECT: ANNUAL FIXED ASSETS INVENTORY & TRAINING

The purpose of this memo is to remind fiscal officers about their duty to perform a physical inventory of fixed assets at least once every two years and to establish the dates for training on fixed asset policy and data entry.

Once again, we need to stress the importance of the fixed asset reporting for the preparation of the State's Comprehensive Annual Financial Report (CAFR). Fixed assets are the largest single category on the balance sheet. In order to maintain a clean audit opinion and a strong bond rating, it is absolutely essential that the information in the Fixed Asset Subsystem is correct.

Report number F25F2705 (GAAP Report of Fixed Assets) will be available through Mobius after **April 1, 2006**. This report shows only those items, which will be used as the basis for reporting fixed assets in the fiscal year 2006 CAFR. Please review this report carefully and make any necessary adjustments, both additions and deletions, prior to the close of the fiscal year.

RECURRING FIXED ASSET TRAINING

The Division of Accounting will be offering training for employees new to fixed assets and those needing refresher training. The two training courses offered are:

- Fixed Asset Policy Manual training, **May 2nd from 9 AM to Noon**, U of D Paradee Center (beside the DelDOT Admin Building across from the Blue Hen Corp. Center on Rt 113) in Dover.
- Fixed Asset Data Entry and Payment Voucher training, DTI Computer Lab, 801 Silver Lake Plaza, Dover on **May 2nd or 4th from 1 to 4 PM** OR **May 10th 16th or 24th from 9 AM to Noon.**

Please fill out the registration form at <http://www.state.de.us/account/TrainingCourses.shtml>

REPORTING CRITERIA FOR FIXED ASSETS

All furniture, equipment, and vehicles with a useful life of more than one (1) year and a purchase or acquisition cost of more than \$25,000 per item are required to be included and maintained in the State 's Fixed Asset Subsystem. Furthermore, all buildings and land are to be reported in the Fixed Asset Subsystem **at any value**. Building improvements and land improvements are to be reported if the cost is greater than \$100,000. Computer software must be reported with a value of \$1 million or more. Please refer to the Fixed Asset Accounting Manual for further information and instruction.

Construction-work-in-progress will be reported as part of the GAAP package and entered on-line into the GMEN System. Computer software-in-progress should be tracked similar to construction-work-in-progress. It should also be reported as part of the GAAP package and entered in the GMEN system. Please refer to the GAAP Manual for instructions.

PHYSICAL INVENTORY

In accordance with the Budget and Accounting Policy Manual (Section IV, C, 1,a, (1), (a)), "A physical inventory of the property must be taken and the results reconciled with the property records at least once every two years." If you have not performed a physical inventory within this timeframe, you must conduct one prior to June 30, 2006, and fill out the attached Property Inventory Reconciliation form. The Certification Form found on our website verifying such inventory was conducted, must be completed and returned to this office, to the attention of Walter Konek by **July 30, 2006**. Documentation to support that a physical inventory was performed must be made available for review by the auditors during the fiscal year 2006 financial audit.

The State has a significant investment in fixed assets. To improve financial reporting, accountability and operational efficiencies in managing these assets, we must continue to maintain accurate property inventory records. Your assistance is greatly appreciated.

Thank you for your cooperation. If you have any questions concerning the above, please contact Walter Konek at (302) 744-1040 or Linda Murabito at (302) 744-1077.